

To the bank clients and creditors of Bank Hottinger
& Cie AG in liquidation proceedings

Küsnacht, July 2018

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**Bank Hottinger & Cie AG in liquidation proceedings;
Circular No. 8**

Dear Sir or Madam,

We would like to inform you on the planned sale of a stake in the insolvency proceedings of Bank Hottinger & Cie AG in liquidation proceedings ("**Bank Hottinger**").

I. SALE OF HOTTINGER U.S. GROUPE BANQUE HOTTINGER & CIE, NEW YORK

1. OBJECT OF PURCHASE AND STATE OF OBJECT OF PURCHASE

Bank Hottinger holds 100 % of the shares in Hottinger U.S. Groupe Banque Hottinger & Cie, New York ("**Hottinger U.S.**"). Hottinger U.S. for its part holds further direct and indirect US stakes, amongst others in Hottinger Brothers LLC Groupe Banque Hottinger & Cie Limited, Delaware, in Hottinger Capital Corp. Groupe Banque Hottinger & Cie Limited, Delaware ("**HCC**"), in Hottinger Brothers Inc., Delaware, in Hottinger Brothers Holding, Inc., Delaware and in Wellington Shields & Co. LL.

In addition, there is an outstanding loan liability of Hottinger U.S. to Bank Hottinger in the amount of USD 609,187.49 ("**Loan**").

The documentation of Hottinger U.S. and the US stakes directly or indirectly related to Hottinger U.S. is very incomplete. From the liquidators' point of view there are potential tax issues and further regulatory and other problems as well as with Hottinger U.S. and with its stakes. Liability risks cannot be excluded in this context. Furthermore, based on the known documentation it is questionable whether the Loan can ever be recovered. Thus, the liquidators are interested in the sale of Hottinger U.S. and the Loan.

With two prospective buyers in-depth negotiations had been taken up. One prospective buyer withdrew after a short period of time based on the very incomplete documentation of Hottinger U.S. With the remaining interested party, Hottinger Private Office Ltd. ("**Hottinger UK**"), negotiations continued. Subsequently, Hottinger UK provided an offer for the purchase of Hottinger U.S.

Due to the connection with the U.S. and the very patchy documentation of Hottinger U.S. Hottinger UK deemed it necessary to have several aspects (tax, regulatory issues etc.) analysed by its American advisor. Likewise, given the fact of the costs of the said analysis Hottinger UK required exclusivity. Hottinger UK was granted this exclusivity.

2. CONTRACT NEGOTIATIONS AND KEY FIGURES OF PURCHASE AGREEMENT

A number of rounds of negotiations between the parties took place. The analysis of Hottinger UK regarding the tax and regulatory issues mentioned above was time-consuming. Furthermore, the examination of the documents of Hottinger U.S. by Hottinger UK has shown that in the course of the sale of the shares of Hottinger U.S. in 2012 the share certificate had not been updated correctly. Finally, according to the analysis of Hottinger UK, HCC does formally not exist anymore.

The waiver of any warranty rights in connection with the shares of Hottinger U.S. and the Loan likewise led to a number of discussions between the parties. Against the background of the state of Hottinger U.S. and the Loan pointed out above the liquidators were not willing to take risks for the insolvency estate of Bank Hottinger. Thus, they accepted a lower purchase price.

Finally, the parties signed a share purchase agreement on 20/25 June 2018 with the following key figures:

- Purchase objects are 100 % of the shares of Hottinger U.S. on one hand and the Loan in the amount of USD 609,187.49 granted by Bank Hottinger to Hottinger U.S. on the other hand.
- The purchase price for all shares of Hottinger U.S. and for the Loan amounts to USD 20,000.00.
- The shares of Hottinger U.S. and the Loan will be transferred in the current state. Any warranty rights are waived as far as permissible by law.
- Any liability of Bank Hottinger in connection with the sale of the shares of Hottinger U.S. and the Loan is excluded, as far as permissible by law.
- The contract is governed by Swiss law to the extent that the application of foreign law is not mandatory.
- The sale of Hottinger U.S. is under the condition precedent of the establishment of a realisation plan according to Article 34 para. 4 BIO-FINMA.

3. REALISATION PLAN

As stated above, a share purchase agreement was concluded between the parties on 20/25 June 2018. The validity of the share purchase agreement is under the condition precedent of the establishment of a realisation plan according to Article 34 para. 4 BIO-FINMA. Based on the considerations hereinbefore the liquidators intend to sell the shares of Hottinger U.S. and the Loan pursuant to the key figures described in cl. I.2.

II. CONTESTABLE RULING

Creditors who do not agree with the intended liquidation activities described must request a contestable ruling from FINMA (Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, 3003 Berne) (Article 34(4) BIO-FINMA) until **13 July 2018** (date of postmark by a Swiss post office). For a contestable ruling a fee will be charged. Creditors resident or incorporated outside Switzerland must provide a postal address in Switzerland where official

communications may be served, otherwise communications will be announced by publication in the Swiss Federal Gazette.

We will inform you about the next steps in the proceedings in a Circular in due course.

Kind regards

Bank Hottinger & Cie AG in liquidation proceedings
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